

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION No. 3874
TO BE ANSWERED ON 12th AUGUST, 2025**

Integrated digital Portal for RCS Offices

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Will the Minister of COOPERATION (सहकारिता मंत्री) be pleased to state:

- (a) whether the Government is working on development of integrated digital portal for RCS offices in States and Union Territories to improve the cooperative sector, if so, the details thereof;
- (b) the specific services or functionalities is likely to be provided by digital portal to these cooperative societies;
- (c) the kind of improvement envisaged in the services rendered by these offices after computerization of RCS offices;
- (d) the details of the steps taken by the Government to promote cooperative sector under the Income Tax Act during the last three years; and
- (e) whether the Government has issued any clarification on section 269ST of the Income Tax Act, and if so, the details thereof?

ANSWER

**THE MINISTER OF COOPERATION
सहकारिता मंत्री (SHRI AMIT SHAH)**

(a), (b) & (c): Centrally sponsored project for computerization of RCS offices in States/Union Territories was launched by the Ministry on 30.01.2024 with a budgetary outlay of Rs.94.59 crore for three years w.e.f. 2023-24. This is a part of the umbrella project of “Strengthening Cooperatives Through IT Interventions” of the Ministry.

The integrated digital portal of RCS offices in States/UTs under the scheme will have services or functionalities as per the Cooperative Acts of the respective States/UTs. The concerned RCS of States/UTs is the nodal officer for the timely implementation and efficient monitoring of this project in their respective states/UTs. They are also responsible for developing effective workflow-based software covering all functions of the registrar's office.

The objectives of the project are to enhance the ease of doing business for Cooperative Societies and create a digital ecosystem for transparent & paperless transactions of cooperative societies with the RCS offices in all States/UTs.

During the financial years 2023-24, 2024-25 and 2025-26 (up to 30th June 2025), 35 States/UTs have submitted their proposals, and Rs 19.73 crore has been released as the Government of India share to States/UTs.

(d): The details of the steps taken by the Government to promote cooperative sector under the Income Tax Act during the last three years are as under:

Relief to Cooperative Societies in the Income Tax Act

- 1. Surcharge reduced from 12% to 7% for co-operative societies having income between Rs. 1 to 10 Cr.:** This will reduce the burden of Income Tax on Cooperative Societies and more capital will be available with them to work for the benefit of their members.
- 2. MAT reduced for cooperatives from 18.5% to 15%:** With this provision, now there is parity between Cooperative Societies and Companies in this regard.
- 3. Relief in cash transactions under section 269ST of the Income Tax Act:** In order to remove difficulties in cash transactions by cooperatives under Section 269ST of IT Act, Government has issued a clarification that cash transaction of less than Rs. 2 lakhs done by a cooperative society with its distributor in a day will be considered separately, and will not be charged with income tax penalty.
- 4. Tax cut for new manufacturing Cooperative societies:** Government has decided that a flat lower tax rate of 15% will be charged, compared to an earlier rate of up to 30% plus surcharge, for new cooperatives commencing manufacturing activities by March 31, 2024. This will encourage the formation of new cooperative societies in the manufacturing sector.
- 5. Increase in limit of Cash Deposits and Payments by PACS and PCARDBs:** Government has enhanced the limit for Cash Deposits and Payments by PACS and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) from Rs. 20,000 to Rs. 2 lakh per member. This provision will facilitate their activities, increase their business and benefit members of their societies.
- 6. Increase in limit of Loan and Loan Repayments in Cash by PACS and PCARDBs:** Government has enhanced the limit for Loan and Loan Repayments in Cash by PACS and

Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) from Rs. 20,000 to Rs. 2 lakh per member. This provision will facilitate their activities, increase their business and benefit members of their societies.

7. Increasing threshold limit for co-operatives to withdraw cash without TDS:

Government has increased the cash withdrawal limit of cooperative societies without deduction of tax at source from Rs.1 crore to Rs.3 crore per year. This provision will save Tax Deducted at Source (TDS) for cooperative societies, which will enhance their liquidity.

8. Relief from Income Tax to Sugar Cooperative Mills: Government has issued a clarification that cooperative sugar mills would not be subjected to additional income tax for paying higher sugarcane prices to farmers up to Fair and Remunerative or State Advised Price, from April, 2016 onwards.

9. Resolution of decades old pending issues related to Income Tax of Sugar Cooperative Mills: Government has made a provision in its Union Budget 2023-24, wherein Sugar cooperatives have been allowed to claim as expenditure their payments to sugarcane farmers for the period prior to assessment year 2016–17, giving them a relief of more than Rs.46,000 crore.

10. Reduction in GST on molasses from 28% to 5%: Government has decided to reduce the GST on molasses from 28% to 5% which will enable cooperative sugar mills to earn more profits for their members by selling molasses to distilleries with higher margins.

11. Condonation of delay under clause (b) of sub-section (2) of section 119 of the Income Tax Act, 1961 (IT Act) for returns of Income claiming deductions u/s 80P of the Act for various assessment years from AY 2018-19 to AY 2022-23

CBDT vide circular no. 13/2021 dated 26 July 2023 has authorized Chief Commissioners of Income-tax (CCsIT) / Directors General of Income-tax (DGsIT) to deal with applications of condonation of delay from cooperative societies, who were unable to avail the benefit of deduction available under section 80P of the IT Act on account of delay in furnishing the return of income within the due date under sub-section (1) of section 139 of the Act for various assessment years from AY 2018-19 to AY 2022-23 and the delay was caused due to circumstances beyond their control or due to delay in getting the accounts audited by statutory auditors appointed under the respective State Law.

(e): Yes, Section 269ST restricts cash receipts in excess of 2 lakh from (a) any person in a day, or (b) from any transaction; or (c) from multiple transactions in respect of single event or occasion. In case of violation of this provision, penalty for the amount in contravention of section 269ST is levied under Income Tax Act 1961. For payment of milk price to their members, Milk Cooperative Societies receive cash, in excess of 2 lakh across multiple days in a year, particularly on the bank holidays, from a distributor, with whom they have contract. Resultantly, huge penalties were levied on the Milk Societies by Income Tax Department by treating contract between Cooperative Societies with its distributor as one event / occasion. Ministry of Cooperation took up the matter with Ministry of Finance to resolve the issue. CBDT vide Circular No 25/2022 dated 30.12.2022 issued clarification that in respect of cooperative societies, a dealership / distributionship contract by itself may not constitute an event or occasion for purpose of clause (c) of the section 269 ST. Receipt related to such a dealership / distributionship contract by the cooperative society on any day in a previous year, which is within prescribed limit may not be aggregated across multiple days for that previous year. This would enable Cooperative Societies to make payments to their members, who are mostly from rural and farming communities, on bank holidays without fear of income tax penalty.
